

**NEW YORK HARBOR
FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT**

**Financial Statements
For the Years Ended
June 30, 2020
and
June 30, 2019**

Independent Auditor's Report

To the Board of Directors of
New York Harbor Foundation, Inc.
d/b/a Billion Oyster Project

Report on the Financial Statements

We have audited the accompanying financial statements of New York Harbor Foundation, Inc. d/b/a Billion Oyster Project ("BOP") which comprise the statements of financial position as of June 30, 2020 and June 30, 2019 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BOP as of June 30, 2020 and June 30, 2019 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty + Donnelly LLP

October 22, 2020

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Statements of Financial Position

Assets

	June 30	
	2020	2019
Current assets		
Cash	\$1,197,706	\$ 619,794
Investments, at fair value	31,648	28,791
Grants, contracts and contributions receivable, current portion	729,470	873,410
Prepaid expenses and other assets	43,911	37,886
Total current assets	2,002,735	1,559,881
Grants, contracts and contributions receivable, net of current portion	-	137,698
Furniture and equipment, net	641,011	332,606
Total assets	\$2,643,746	\$2,030,185

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 127,425	\$ 81,033
Unearned revenue	270,399	176,929
Total current liabilities	397,824	257,962
Net assets		
Without donor restrictions	1,189,849	856,604
With donor restrictions	1,056,073	915,619
Total net assets	2,245,922	1,772,223
Total liabilities and net assets	\$2,643,746	\$2,030,185

See notes to financial statements.

NEW YORK HARBOR FOUNDATION, INC.
d/b/a **BILLION OYSTER PROJECT**

Statements of Activities

For the Years Ended June 30, 2020 and June 30, 2019

	2020		2019	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Public support and revenue				
Grants, contracts and contributions	\$ 2,963,920	\$ 902,930	\$ 2,670,283	\$ 355,200
Special events, net of direct expenses of \$48,459 in 2020 and \$224,806 in 2019	122,108	-	441,673	-
Program service fees	40,451	-	4,050	-
In-kind contributions	279,000	-	15,475	-
Net investment return	(813)	-	(251)	-
Other	2,155	-	8,841	-
Net assets released from restrictions	762,476	(762,476)	722,931	(722,931)
Total public support and revenue	<u>4,169,297</u>	<u>140,454</u>	<u>3,863,002</u>	<u>(367,731)</u>
Expenses				
Program services	2,785,711	-	2,717,416	-
Management and general	572,110	-	545,729	-
Development	478,231	-	549,518	-
Total expenses	<u>3,836,052</u>	<u>-</u>	<u>3,812,663</u>	<u>-</u>
Increase (decrease) in net assets	333,245	140,454	50,339	(367,731)
Net assets, beginning of year	856,604	915,619	806,265	1,283,350
Net assets, end of year	\$ 1,189,849	\$ 1,056,073	\$ 856,604	\$ 915,619
				\$ 3,025,483
				441,673
				4,050
				15,475
				(251)
				8,841
				-
				3,495,271
				2,717,416
				545,729
				549,518
				3,812,663
				(317,392)
				2,089,615
				\$ 1,772,223

See notes to financial statements.

NEW YORK HARBOR FOUNDATION, INC.
d/b/a **BILLION OYSTER PROJECT**

Statements of Functional Expenses
For the Years Ended June 30, 2020 and June 30, 2019

	2020			2019				
	Program Services	Supporting Activities Management and Development		Program Services	Supporting Activities Management and Development		Total	
		General	Development		General	Development		
Salaries	\$1,498,167	\$ 258,988	\$ 314,624	\$2,071,779	\$1,391,102	\$ 232,179	\$ 348,740	\$1,972,021
Payroll taxes and employee benefits	433,031	108,764	87,859	629,654	365,098	82,612	107,236	554,946
Contract services and professional fees	417,653	129,075	30,017	576,745	374,345	112,930	51,716	538,991
Program supplies	223,057	-	-	223,057	186,229	-	-	186,229
Program equipment	-	-	-	-	63,003	-	-	63,003
Grantmaking	675	-	-	675	70,000	-	-	70,000
Scholarships and internships	3,000	-	-	3,000	-	-	-	-
Supplies	-	2,955	6,067	9,022	1,795	-	-	13,903
Automobile	-	-	-	-	96	11,329	779	10,155
Printing, copying and mailing	1,693	204	7,327	9,224	10,863	10,059	-	20,012
Travel and meals	40,838	8,020	8,834	57,692	60,415	4,437	8,781	74,757
Insurance	40,607	22,274	-	62,881	36,661	19,677	-	56,338
Facilities and equipment rental	28,668	3,972	-	32,640	62,064	2,450	-	64,514
Marine fuel	-	-	-	-	7,803	-	-	7,803
Bank fees	-	4,990	5,460	10,450	-	6,801	9,637	16,438
Depreciation	26,350	21,033	-	47,383	25,331	21,900	-	47,231
Other	71,972	11,835	18,043	101,850	62,611	40,987	12,724	116,322
Total	\$2,785,711	\$ 572,110	\$ 478,231	\$3,836,052	\$2,717,416	\$ 545,729	\$ 549,518	\$3,812,663

See notes to financial statements.

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Statements of Cash Flows

	For Year	
	Ended June 30	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 473,699	\$ (317,392)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	47,383	47,231
Donated boat	(279,000)	(6,000)
Net loss on write-off of equipment	24,792	10,000
Donated stock	(41,908)	(175,247)
Proceeds from sale of donated stock	37,705	175,128
Net realized and unrealized loss on investments	1,347	1,093
(Increase) decrease in assets		
Grants, contracts and contributions receivable	281,638	484,045
Prepaid expenses and other assets	(6,025)	20,775
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	46,392	(142,285)
Unearned revenue	<u>93,470</u>	<u>111,036</u>
Net cash provided by operating activities	<u>679,493</u>	<u>208,384</u>
Cash flows from investing activities		
Purchases of investments	(1,385)	-
Proceeds from sales of investments	1,384	-
Purchases of furniture and equipment	<u>(101,580)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(101,581)</u>	<u>-</u>
Net increase in cash	577,912	208,384
Cash, beginning of year	<u>619,794</u>	<u>411,410</u>
Cash, end of year	<u>\$1,197,706</u>	<u>\$ 619,794</u>

**NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT**

**Notes to Financial Statements
June 30, 2020 and June 30, 2019**

Note 1 – Nature of organization

The New York Harbor Foundation, Inc. d/b/a Billion Oyster Project (“BOP”) is a non-profit organization. BOP’s mission is to restore oyster reefs to New York Harbor through public education initiatives.

Note 2 – Summary of significant accounting policies

Net assets

BOP reports information regarding its financial position and activities in two classes of net assets as follows:

- Net assets without donor restrictions, which consist of amounts that can be spent at the discretion of BOP; and
- Net assets with donor restrictions, which consist of grants, contracts and contributions that are either restricted by the donor for a specific purpose or relate to future periods.

Funding

BOP derives its revenue primarily from grants, cost reimbursement contracts and contributions from individuals, corporations and foundations.

Funding contracts and grants are often subject to audit by the applicable granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when and if an audit occurs. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying financial statements. Management is of the opinion that any potential disallowances will not be material to the accompanying financial statements.

Grants and contributions

BOP records grants and contributions as revenue without donor restrictions unless the donor restricts the grants and contribution for a specific purpose or future periods. Grants and contributions received with donor stipulations that limit the use of the donated assets are reported as donor restricted support. When a donor stipulation regarding a restricted asset expires, i.e., when a stipulated time restriction ends or the purpose for the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash equivalents

BOP considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. As of June 30, 2020 and June 30, 2019, BOP did not have any cash equivalents.

**NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT**

**Notes to Financial Statements (continued)
June 30, 2020 and June 30, 2019**

Note 2 – Summary of significant accounting policies (continued)

Investments

BOP's investments are recorded at fair value. The value of BOP's investments has been determined by using publicly reported market quotes. Net realized gains or (losses) on the sale of investments are determined using the first-in, first-out method and along with the net unrealized gain or (loss) on investments, are recorded in the statements of activities as part of investment return.

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. At June 30, 2020 and June 30, 2019, BOP's investments are deemed to be Level 1 as their fair value is measured using quoted prices in active markets.

Grants, contracts and contributions receivable

Grants, contracts and contributions, including unconditional promises to give, are recognized as revenue in the period received and when any conditions on which they depend have been substantially met.

Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can be determined.

Allowance for doubtful accounts

BOP deems all receivables to be collectible and, accordingly, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Furniture and equipment

Furniture and equipment are carried at cost and, if donated, at the approximate fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. BOP capitalizes, as property and equipment, expenditures for such assets in excess of \$5,000 with an estimated useful life of three years or greater. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

**NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT**

**Notes to Financial Statements (continued)
June 30, 2020 and June 30, 2019**

Note 2 – Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

In-kind contributions

For the years ended June 30, 2020 and June 30, 2019, BOP received in-kind contributions of boats and other items valued at \$279,000 and \$15,475, respectively.

In addition, a number of volunteers, including members of the Board of Directors, have donated significant amounts of their time to BOP's program services and supporting activities. These donated services have not been recorded in the accompanying statements of activities because they do not meet the criteria for recording such services.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional category are allocated based on time and effort.

Concentrations of credit risk

BOP's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and receivables. BOP places its cash with what it believes to be quality financial institutions. At times during the year, BOP's bank account balances exceeded the FDIC insurance limit. BOP has not incurred any losses in these accounts to date. BOP's investments are exposed to various risks, such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the aforementioned risks, it is at least reasonably possible that changes in these risks could have a material effect on the amounts reported in the statements of financial position at June 30, 2020. BOP's receivables are monitored and deemed collectible by management. As a result, BOP believes no significant concentrations of credit risk exist with respect to its cash, investments and receivables.

Subsequent events

BOP has evaluated events and transactions for potential recognition or disclosure through October 22, 2020, which is the date the financial statements were available to be issued.

On March 13, 2020, President Trump declared a national emergency due to extraordinary circumstances resulting from the coronavirus. As the coronavirus pandemic continues, the economic impact on BOP's future financial operations is not readily determinable.

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Notes to Financial Statements (continued)
June 30, 2020 and June 30, 2019

Note 3 – Liquidity and availability of financial assets

BOP's working capital and cash flows vary due to the timing of payments received from grants, contracts, contributions and other revenue items.

The following is a summary of BOP's financial assets as of June 30, 2020 and June 30, 2019 available to pay expenditures within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,197,706	\$ 619,794
Investments, at fair value	31,648	28,791
Grants, contracts and contributions receivable, current portion	<u>729,470</u>	<u>873,410</u>
Total	<u>\$ 1,958,824</u>	<u>\$ 1,521,995</u>

The increase in cash in 2020 is due in part to the receipt of a PPP grant in 2020 (see note 8).

Note 4 – Investments

Investments consist of the following as of June 30, 2020 and June 30, 2019:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Exchange-traded funds	\$ 21,920	\$ 28,805	\$ 21,920	\$ 28,791
Common stock	<u>211</u>	<u>2,843</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 22,131</u>	<u>\$ 31,648</u>	<u>\$ 21,920</u>	<u>\$ 28,791</u>

The components of net investment return consist of the following for the years ended June 30, 2020 and June 30, 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 1,385	\$ 1,607
Realized (loss) on sales of investments	(3,993)	(1,672)
Unrealized gain on investments	2,646	579
Investment management fees	<u>(851)</u>	<u>(765)</u>
Net investment return	<u>\$ (813)</u>	<u>\$ (251)</u>

Note 5 – Grants, contracts and contributions receivable

At June 30, 2020 and June 30, 2019, grants, contracts and contributions receivable are expected to be collected as follows:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 729,470	\$ 873,410
Receivable in one to five years	<u>-</u>	<u>137,698</u>
Total	<u>\$ 729,470</u>	<u>\$1,011,108</u>

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Notes to Financial Statements (continued)
June 30, 2020 and June 30, 2019

Note 6 – Furniture and equipment

Furniture and equipment consist of the following at June 30, 2020 and June 30, 2019:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 244,051	\$ 142,470
Vehicle	11,300	11,300
Boats	<u>588,608</u>	<u>352,109</u>
Total property and equipment	843,959	505,879
Less accumulated depreciation	<u>202,948</u>	<u>173,273</u>
Net property and equipment	<u>\$ 641,011</u>	<u>\$ 332,606</u>

During the 2020 and 2019 fiscal years, BOP wrote off furniture and equipment resulting in a net loss of \$24,792 and \$10,000, respectively.

Note 7 – Net assets with donor restrictions

The amounts released from restrictions during the years ended June 30, 2020 and June 30, 2019 are for the following:

<u>Description</u>	<u>2020</u>	<u>2019</u>
New York Harbor School		
After school	\$ 120,396	\$ 240,142
Career and technical education	49,388	90
General	-	11,139
Partnership manager	69,142	-
Billion Oyster Project		
General	1,000	5,000
Public engagement	290,960	315,480
Reef construction	33,072	28,489
After school	2,868	47,138
B.O.P. schools	-	6,000
Facilities & workforce development	-	50,000
Oyster recovery plan	44,087	9,348
Shell collection	110,527	-
Waterfront	<u>41,036</u>	<u>10,105</u>
Total	<u>\$ 762,476</u>	<u>\$ 722,931</u>

NEW YORK HARBOR FOUNDATION, INC.
d/b/a BILLION OYSTER PROJECT

Notes to Financial Statements (continued)
June 30, 2020 and June 30, 2019

Note 7 – Net assets with donor restrictions (continued)

At June 30, 2020 and June 30, 2019, net assets with donor restrictions are available for the following:

<u>Description</u>	<u>2020</u>	<u>2019</u>
New York Harbor School		
After school	\$ 229,502	\$ 314,897
Career and technical education	99,712	-
Partnership manager	102,568	35,400
Billion Oyster Project		
Public engagement	280,481	436,442
Reef construction	74,428	50,000
After school	9,964	2,833
Facilities & workforce development	12,500	12,500
Oyster recovery plan	46,565	23,652
Shell collection	189,473	-
Waterfront	10,880	39,895
Total	<u>\$1,056,073</u>	<u>\$ 915,619</u>

Note 8 – Government grant

During the 2020 fiscal year, BOP applied for and received \$481,115 under the Paycheck Protection Program (“PPP”) which is a loan program established under the Coronavirus Aid, Relief, and Economic Security Act. PPP loans are wholly forgivable if the proceeds are spent in accordance with the terms of the PPP loan program. As of the date of these financial statements, BOP believes it has met the requirements of the PPP loan program and expects the loan to be forgiven in its entirety. Accordingly, BOP has elected to record the \$481,115 of proceeds spent as grant revenue in the fiscal 2020 statement of activities. During the 2021 fiscal year, BOP will apply to have the loan legally forgiven, if any, as required by the PPP. Amounts that are not forgiven, if any, are subject to interest at a fixed rate of 1% for a two-year term.

Note 9 – Retirement plan

Effective June 2019, BOP provides a defined contribution plan for all eligible employees, as defined by the plan. BOP may elect to make matching or non-elective contributions to the plan. BOP did not contribute to the plan in 2020 and 2019.

Note 10– Tax status

BOP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. BOP is classified as a publicly supported organization as described in Section 509(a)(1) and 170(b)(1)(A)(vi) and not as a private foundation; therefore, BOP qualifies for the maximum charitable contribution deductions for donors.